

Farm chemicals include chemical products used in production agriculture, the products of which are to be sold, or in the production or care of animals that are to be sold or the products of which are to be sold. Farm chemicals are statutorily exempt from Sales and Use Taxes in Illinois. See 86 Ill. Adm. Code 130.1955. (This is a GIL.)

January 7, 2005

Dear Xxxxx:

This letter is in response to your letter dated November 12, 2004, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am writing on behalf of my client who sells the products which are listed on the attached enclosure. Please respond in writing regarding the application of your sale tax statutes and administrative code or regulations regarding each of the products listed. Please cite the applicable authority supporting your position as to the taxation of each of the products.

Your prompt response is appreciated so that I can be assured that my client is filing properly in your state. Thank you in advance for your cooperation.

#### **DEPARTMENT'S RESPONSE:**

The Department's regulation regarding the farm chemicals exemption may be found at 86 Ill. Adm. Code 130.1955. This regulation describes the kinds of farm chemicals that qualify for the exemption. In general, farm chemicals include chemical products used in production agriculture, the products of which are to be sold, or in the production or care of animals that are to be sold or the products of which are to be sold. Farm chemicals are statutorily exempt from Sales and Use Taxes in Illinois.

However, to qualify for the exemption, the label on any farm chemicals you sell must state that the chemicals will be used exclusively for treating farm animals (i.e., animals that are to be sold or the products of which are to be sold). This is to ensure the exemption is not taken for chemicals used on creatures that are not farm animals such as house cats, hamsters, parakeets, and other pets. See 86 Ill. Adm. Code, Section 130.1955.

"Production agriculture" means the raising of or the propagation of livestock; crops for sale for human consumption; crops for livestock consumption; and production seed stock grown for the propagation of feed grains and the husbandry of animals or for the purpose of providing a food product, including the husbandry of blood stock as a main source of providing a food product. "Production agriculture" also means animal husbandry, floriculture, aquaculture, horticulture, and viticulture. 35 ILCS 120/2-35.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess  
Associate Counsel

EEB:msk